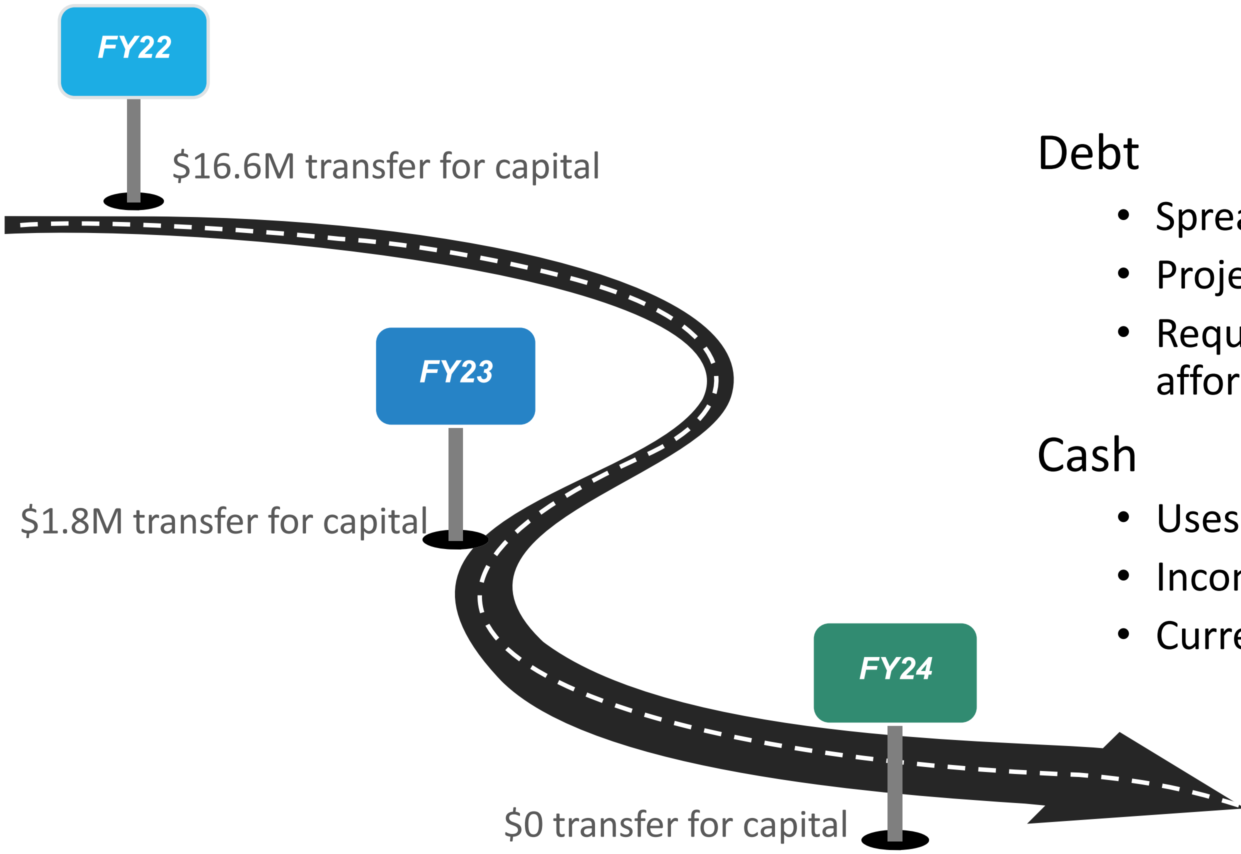
Capital Funding Strategies

Current Capital Funding Strategies



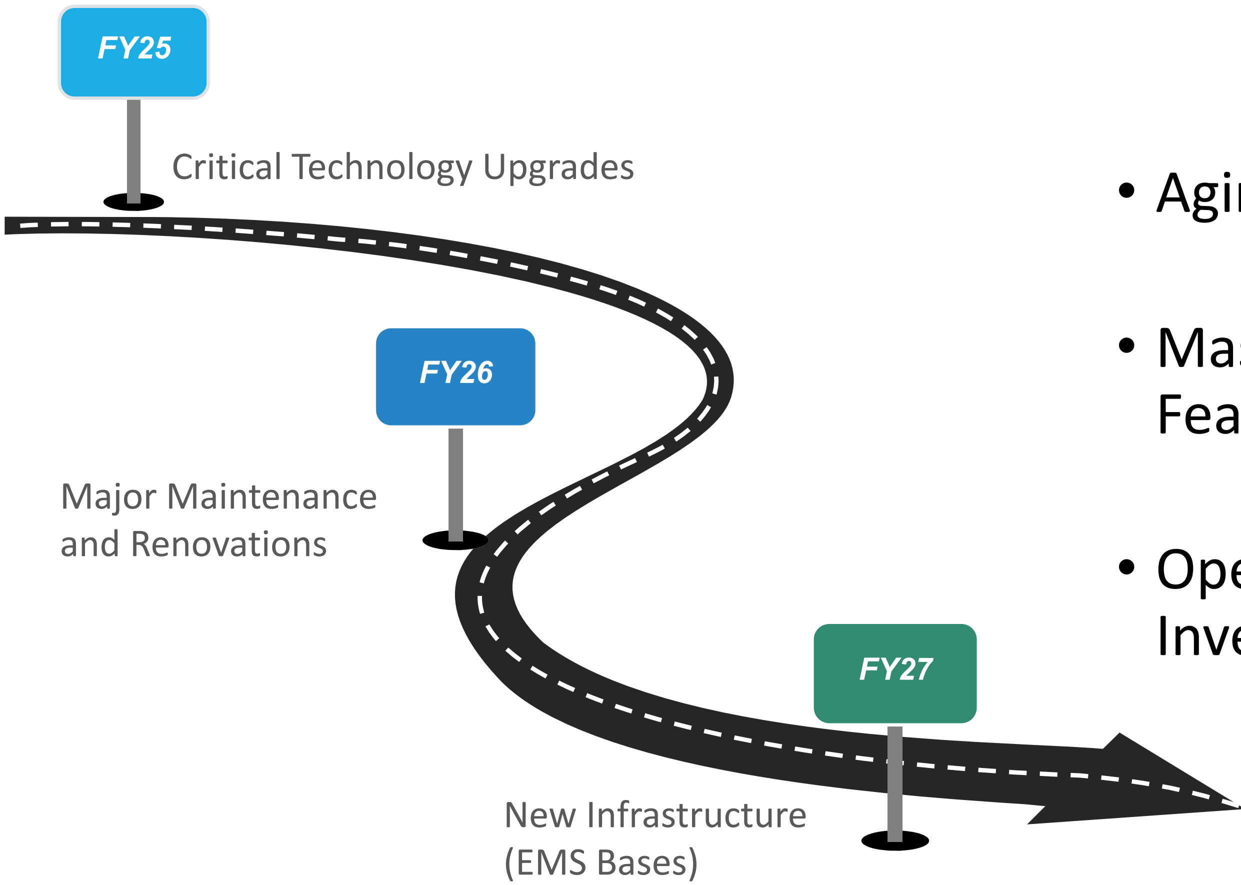
Debt

- Spreads costs over multiple years
- Projects ultimately cost more (interest)
- Requires analysis of debt capacity and affordability

Cash

- Uses available cash to pay for project(s)
- Inconsistent funding over recent years
- Current Fund Balance Policy

Capital Funding Drivers



- Aging infrastructure
- Master Facilities Plans & Feasibility Studies
- Operating Focus vs. Capital Investment

Capital Funding Sustainability

- Incorporate Countywide Master Planning/Assessments into Long-Term Financial Planning
- Funding needs based on 7-Year Capital Improvement Plan
- Establish a Debt Service Fund for the County – FY2025
- Establish capital funding target of 70% Debt/30% Pay-Go
- Adopt capital reserves language in the Capital Improvement Policy
- Accumulate reserves for a minimum of 3 years

Capital Improvement Policy Change

- Annual transfer from the General Fund for capital
- Establish a baseline transfer in Year 1 of 120% of General Fund debt service
- Future year transfers grow at a compounded growth rate ranging from 2% to Consumer Price Index (CPI)
  - Formula: General Fund debt service x (120% + Year Over Year Growth %)

Est. Budget Impact By Fiscal Year			
Fiscal Year	**FY2025**	**FY2026**	**FY2027**
Annual Debt Service Obligation	$19.5M	$19.4M	$24.3M
Capital Reserve Portion of Transfer	$3.9M	$4.7M	$6.8M
Total Transfer	**$23.4M**	**$24.1M**	**$31.1M**